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HOUSE BILL 17

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

TED HOBBS

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX CREDITS FOR
EMPLOYMENT OF YOUTH PARTICIPATING IN CERTAIN SUMMER JOB
PROGRAMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is
enacted to read:

"NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

A. To encourage New Mexico businesses to hire
youth participating in certified school-to-work programs, any
taxpayer who is the owner of a New Mexico business, who files
an individual New Mexico income tax return and who is not a
dependent of another individual may claim a credit in an
amount equal to fifty percent of gross wages paid to qualified
students who are participants in a certified school-to-work

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1 program and who are employed by the taxpayer during the
2 taxable year for which the return is filed. The tax credit
3 may be known as the "job mentorship tax credit".

4 B. A taxpayer who is the owner of a New Mexico
5 business may claim the credit provided in this section for
6 each taxable year in which the business employs one or more
7 qualified students who are participants in a certified school-
8 to-work program. The maximum aggregate credit allowable shall
9 not exceed fifty percent of the gross wages paid to not more
10 than ten qualified students employed by the taxpayer for up to
11 three hundred twenty hours of employment of each qualified
12 student in each taxable year for a maximum of three taxable
13 years for each qualified student. In no event shall a
14 taxpayer claim a credit in excess of twelve thousand dollars
15 (\$12,000) in any taxable year. The employer shall certify
16 that hiring the qualified student does not displace or replace
17 a current employee.

18 C. The number of qualified students whose
19 employment qualifies for a job mentorship tax credit pursuant
20 to this section or Section 2 of this act shall be limited to a
21 pilot program of one thousand qualified students. The
22 department shall allocate annually to the superintendent of
23 public instruction one thousand certificates that shall be
24 distributed by the superintendent to administrators of
25 qualifying school-to-work programs. The certificates, when

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1 properly executed, shall serve as evidence of the taxpayer's
2 eligibility for the job mentorship tax credit. The maximum
3 number of certificates that may be issued to a single school-
4 to-work program administrator is equal to the number of
5 qualified school-to-work participants in that program on May 1
6 of the current calendar year. The certificates shall be
7 issued in the order in which they are requested. To claim the
8 credit under this section, the taxpayer must submit, with his
9 claim, certification from the superintendent of public
10 instruction, in a manner and form determined by the secretary,
11 that the employees for whom the credit is being claimed are
12 qualified students who are participants in the pilot program
13 and information required by the secretary with respect to the
14 students' employment by the taxpayer during the taxable year
15 for which the credit is claimed.

16 D. The credit provided under this section may only
17 be deducted from the taxpayer's New Mexico income tax
18 liability for the taxable year. Any portion of the maximum
19 tax credit provided by this section that remains unused at the
20 end of the taxpayer's taxable year may be carried forward for
21 three consecutive taxable years; provided the total tax
22 credits claimed under this section shall not exceed the
23 maximum allowable under Subsection B of this section.

24 E. A husband and wife who file separate returns
25 for a taxable year in which they could have filed a joint

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1 return may each claim only one-half of the credit that would
2 have been allowed on a joint return.

3 F. A taxpayer who otherwise qualifies and claims a
4 job mentorship tax credit for employment of qualified students
5 by a partnership, limited partnership, limited liability
6 company, S corporation or other business association of which
7 the taxpayer is a member may claim a credit only in proportion
8 to his interest in the partnership, limited partnership,
9 limited liability company, S corporation or association. The
10 total credit claimed by all members of the business shall not
11 exceed the maximum tax credit allowable under Subsection B of
12 this section.

13 G. As used in this section:

14 (1) "certified school-to-work program" means
15 a summer employment program certified by the state department
16 of public education as a school-to-work program designed for
17 secondary school students to create academic and career goals
18 and objectives and find employment in a job meeting those
19 goals and objectives;

20 (2) "New Mexico business" means a
21 partnership, limited partnership, limited liability company
22 treated as a partnership for federal income tax purposes, S
23 corporation or sole proprietorship that carries on a trade or
24 business in New Mexico and that employs in New Mexico less
25 than three hundred full-time employees at any one time during

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1 the taxable year; and

2 (3) "qualified student" means an individual
3 who is at least fourteen years of age but not more than
4 twenty-one years of age who is attending full time an
5 accredited New Mexico secondary school and who is a
6 participant in a certified school-to-work program "

7 Section 2. A new section of the Corporate Income and
8 Franchise Tax Act is enacted to read:

9 "[NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

10 A. To encourage New Mexico businesses to hire
11 youth participating in certified school-to-work programs, any
12 taxpayer who is a New Mexico business and who files a
13 corporate income tax return may claim a credit in an amount
14 equal to fifty percent of gross wages paid to qualified
15 students who are participants in a certified school-to-work
16 program and who are employed by the taxpayer during the
17 taxable year for which the return is filed. The tax credit
18 may be known as the "job mentorship tax credit".

19 B. A taxpayer may claim the credit provided in
20 this section for each taxable year in which the taxpayer
21 employs one or more qualified students who are participants in
22 a certified school-to-work program. The maximum aggregate
23 credit allowable shall not exceed fifty percent of the gross
24 wages paid to not more than ten qualified students employed by
25 the taxpayer for up to three hundred twenty hours of

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1 employment of each qualified student in each taxable year for
2 a maximum of three taxable years for each qualified student.
3 In no event shall a taxpayer claim a credit in excess of
4 twelve thousand dollars (\$12,000) in any taxable year. The
5 employer shall certify that hiring the qualified student does
6 not displace or replace a current employee.

7 C. The number of qualified students whose
8 employment qualifies for a job mentorship tax credit pursuant
9 to this section or Section 1 of this act shall be limited to a
10 pilot program of one thousand qualified students. The
11 department shall allocate annually to the superintendent of
12 public instruction one thousand certificates that shall be
13 distributed by the superintendent to administrators of
14 qualifying school-to-work programs. The certificates, when
15 properly executed, shall serve as evidence of the taxpayer's
16 eligibility for the job mentorship tax credit. The maximum
17 number of certificates that may be issued to a single school-
18 to-work program administrator is equal to the number of
19 qualified school-to-work participants in that program on May 1
20 of the current calendar year. The certificates shall be
21 issued in the order in which they are requested. To claim the
22 credit under this section, the taxpayer must submit, with his
23 claim, certification from the superintendent of public
24 instruction, in a manner and form determined by the secretary,
25 that the employees for whom the credit is being claimed are

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1 qualified students who are participants in the pilot program
2 and information required by the secretary with respect to the
3 students' employment by the taxpayer during the taxable year
4 for which the credit is claimed.

5 D. The credit provided under this section may only
6 be deducted from the taxpayer's corporate income tax liability
7 for the taxable year. Any portion of the maximum tax credit
8 provided by this section that remains unused at the end of the
9 taxpayer's taxable year may be carried forward for three
10 consecutive taxable years; provided the total tax credits
11 claimed under this section shall not exceed the maximum
12 allowable under Subsection B of this section.

13 E. As used in this section:

14 (1) "certified school-to-work program" means
15 a summer employment program certified by the state department
16 of public education as a school-to-work program designed for
17 secondary school students to create academic and career goals
18 and objectives and find employment in a job meeting those
19 goals and objectives;

20 (2) "New Mexico business" means a corporation
21 that carries on a trade or business in New Mexico and that
22 employs in New Mexico less than three hundred full-time
23 employees during the taxable year; and

24 (3) "qualified student" means an individual
25 who is at least fourteen years of age but not more than

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1 twenty-one years of age who is attending full time an
2 accredited New Mexico secondary school and who is a
3 participant in a certified school-to-work program "

4 Section 3. TEMPORARY PROVISION-- EXHAUSTION OF CREDIT. --
5 If an income tax or corporate income tax taxpayer has been
6 allowed a credit pursuant to Section 1 or 2 of this act and
7 any portion of the credit allowed is unused on the date the
8 sections are repealed, the unused amount may be carried
9 forward regardless of the repeal to any taxable year within
10 the three consecutive taxable years following the first
11 taxable year for which the claim was allowed.

12 Section 4. DELAYED REPEAL. --Sections 1 and 2 of this act
13 are repealed effective January 1, 2001.

14 Section 5. APPLICABILITY. --The provisions of this act
15 apply to taxable years beginning on or after January 1, 1998.

1 **FORTY-THIRD LEGISLATURE**
2 **SECOND SESSION, 1998**

3
4
5 **January 29, 1998**

6
7 **Mr. Speaker:**

8
9 **Your BUSINESS AND INDUSTRY COMMITTEE, to whom has been**
10 **referred**

11
12 **HOUSE BILL 17**

13
14 **has had it under consideration and reports same with**
15 **recommendation that it DO PASS, and thence referred to the**
16 **TAXATION AND REVENUE COMMITTEE.**

17 **Respectfully submitted,**

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21 _____
22 **Fred Luna, Chairman**

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998

3 HBI/HB 17

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4 Adopted _____ Not Adopted _____

5 (Chi ef Clerk) (Chi ef Clerk)

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7 Date _____

8
9 The roll call vote was 10 For 0 Against

10 Yes: 10

11 Excused: Kissner, Olguin, Varela

12 Absent: None

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1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998

3
4 February 15, 1998

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7 Mr. Speaker:

8
9 Your TAXATION AND REVENUE COMMITTEE, to whom has been
10 referred

11 HOUSE BILL 17

12
13 has had it under consideration and reports same with
14 recommendation that it DO PASS, amended as follows:

- 15
16 1. On page 1, line 25, after "students" strike the remainder of
17 the line and on page 2, line 1, strike "program and".
- 18
19 2. On page 2, lines 7 and 8, strike "who are participants in a
20 certified school-to-work program".
- 21
22 3. On page 2, line 21, before the period insert "in any
23 calendar year".
- 24
25 4. On page 2, line 25, strike "qualifying" and insert in lieu
thereof "certified".

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

HTRC/HB 17

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5. On page 3, line 12, at the end of the line insert "and who are not also employed in the same taxable year by another New Mexico business qualifying for the credit provided by this section for that taxable year".
6. On page 5, lines 15 and 16, strike "who are participants in a certified school-to-work program".
7. On page 5, lines 21 and 22, strike "who are participants in a certified school-to-work program".
8. On page 6, line 10, before the period insert "in any calendar year".
9. On page 6, line 14, strike "qualifying" and insert in lieu thereof "certified".
10. On page 7, line 1, at the end of the line insert "and who are not also employed in the same taxable year by another New Mexico business qualifying for the credit provided by this

. 119889. 2

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

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Page 13

section for that taxable year".

11. On page 8, line 13, strike "January 1, 2001" and insert in lieu thereof "July 1, 2002".

12. On page 8, line 15, after "apply" strike the remainder of the line and insert in lieu thereof "only to taxable years beginning in calendar years 1998 through 2000".

Respectfully submitted,

Jerry W. Sandel, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

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FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

3 HTRC/HB 17

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4
5 The roll call vote was 12 For 0 Against

6 Yes: 12

7 Excused: 0

8 Absent: Lovejoy

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1 **FORTY-THIRD LEGISLATURE**
2 **SECOND SESSION, 1998**

3
4 **February 18, 1998**

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7 **Mr. Speaker:**

8
9 **Your APPROPRIATIONS AND FINANCE COMMITTEE, to whom**
10 **has been referred**

11 **HOUSE BILL 17, as amended**

12
13 **has had it under consideration and reports same with**
14 **recommendation that it DO PASS.**

15
16 **Respectfully submitted,**

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20 _____
21 **Max Coll, Chairman**

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1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998

3 Page 16

4 Adopted _____ Not Adopted _____

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6 (Chief Clerk)

(Chief Clerk)

7
8 Date _____

9
10 The roll call vote was 18 For 0 Against

11 Yes: 18

12 Excused: None

13 Absent: None

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